

Comment on the Issues Paper

INVESTIGATION OF METRO PRICING POLICIES

by

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1. Terms of reference

My comments in regard to the Issues Paper will be brief and will be based on the invitation to "comment on any aspect of Metro services and operations."

Hence this submission will avoid the issue of maximum prices for Metro services, but instead concentrate on the structure and operation of bus services in Tasmania.

2. Structure

There are no demonstrated economies of scale in the provision of public bus services that would warrant their administration by a State government public monopoly. Tasmanians living outside a few urban LGAs have no access to public bus services and should not have to pay for them through their taxes.

Instead, bus services would be more efficiently and equitably provided at the local government level, with decisions regarding bus routes, timetables, fare structures and other service levels being determined democratically and transparently by rate-payer elected boards of management.

Bus services are essentially established to provide services to and from outer urban suburbs and metropolitan central business districts (CBDs). The levels of service which best suit the needs of suburban residents are better determined by representatives of those suburbs than by managers of a State-appointed government business enterprise. Problems of co-ordination (for example, where bus services from Glenorchy and Kingborough merge in the CBD of Hobart) could easily be resolved by cooperation between the respective boards of management; they don't need Metro to do it for them.

3. Understanding urban travel demands

The view persists that the provision of public bus services, subsidised with State government funding for Community Service Obligations (CSOs), are necessary in order to provide the public (particularly transport disadvantaged groups) with alternatives to personal motorised transport.

This view misunderstands the nature of urban travel by disaggregating travel patterns into sets of independent discrete "trips", each characterised by time of day, route path and choice of mode. In fact, people do not make independent trips, they make daily journeys, made up of a set of highly interdependent trips, all of which have to be accommodated within a limited daily time-space budget.

Thus, for example, a person may live on a bus route but never catch a bus if their daily activity pattern involves a complex journey in which any one link requires the mobility and spatial flexibility of a car. To that person, the bus service may just as well not exist.

Despite the physical presence of fleets of buses in our cities, the fact that Metro provides only 3.1% of all trips made in Hobart, 2.3% in Launceston and 0.9% in Burnie (Issues Paper, p. 15) attests to the inadequacy of inflexible, route-and timetable-constrained public bus services to meet modern urban travel demands.

4. Reasons for the continual decline of Metro patronage

In my submission (14 November 1996) to the last GPOC investigation into Metro fares in October 1996, I gave a detailed account of reasons for the decline of Metro patronage.

In summary these are:

- (a) increasing car ownership
- (b) changing work patterns relating to the transition from an industrial to a post-industrial economy, especially the shift from manufacturing to services, the entry of women with dependent children in the workforce, the increasing time- and space-diverse nature of urban travel patterns, and the increasing importance of time as an economic resource
- (c) changing land use patterns, especially lower density residential development and the shift from a star-shaped, compact, centrally focussed urban structure to an areally-spread, poly-centred structure, and,
- (d) the increasing desire of people to make their own decisions in regard to their travel behaviour, rather than being dependent on a remote public authority to provide transport services for them.

Public transport was developed and designed to suit the urban travel patterns of a predominantly male industrial workforce at a time when personal transport was limited to animal power. Those conditions no longer apply. Everywhere in the world, despite the claims of public transport enthusiasts to the contrary, personal transport is taking over from public transport whenever they are equally available.

In future, other (non-car) forms of personal transport (including bicycles, scooters, skate-boards, roller-blades and shoes) are likely to compete successfully for short trips and continue the decline of public transport passengers, while the problems of increasing car use (congestion, pollution, road trauma) will be resolved by the introduction of electronic road pricing and guidance systems.

5. Meeting the needs of the transport disadvantaged

As the Issues Paper correctly notes, the " _majority of Metro's passengers are people who are not employed (home-makers, students, pensioners and unemployed) or those in relatively poorly-paid jobs." (p. 16).

And yet, Metro services still are focussed on providing an alternative (to the car) service for employed commuters (usually in higher-paid white collar occupations) to and from the CBD at peak times.

It should be clear that the travel needs of the transport disadvantaged do not coincide with those of employed commuters. Rather, each group of transport disadvantaged people have special accessibility needs that typically take them to non-central locations at non-peak times.

Furthermore, many transport disadvantaged groups, for example the aged, the frail and the physically handicapped, are intimidated by the large bulk and size of public buses; they typically spend a disproportionate amount of their limited financial budgets on expensive taxi fares.

The best way of satisfying the disparate travel demands of different transport disadvantaged groups is to provide community-based transport tailored to their specific needs. This could be done by providing on-demand, marginal-cost based transport, either by public tender or by deregulating the taxi industry and opening it up to effective competition.

6. Community Service Obligations (CSOs)

There is a compelling social argument for giving public assistance to fund transport services for the transport disadvantaged.

However, the payment of large subsidies to Metro (\$18.3 million in 1998-99; Issues Paper, p. 19) is not the best way to provide CSOs.

Given the declining patronage of Metro services, the payment of \$18.3 million in the form of CSOs is a gross waste of money.

Subsidies should be paid directly to the targeted transport disadvantaged groups, not to the operators of a public bus monopoly. This can be done by giving members of transport disadvantaged groups vouchers to purchase transport services that best suit their needs from a range of transport providers, including bus services, taxi operators, and community transport providers.

To put the extent of government assistance (via CSOs) to Metro in perspective, the \$18.3 million spent last year could have been spent to buy approximately 2,000 new small cars (such as a Barina or a Festiva).

Consider the scenario (hypothetical) of one political party going into the next State election with a policy of maintaining CSOs to Metro, while the other political party offers a policy of replacing the CSOs with an alternative transport policy of giving 2,000 brand new small cars a

year free to households (on a basis of 40 cars being allocated at random per week, lucky names published in daily newspapers).

Other things being equal, I would bet which party would win the election.

I thank you for the opportunity to submit these views.

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